GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

UNSTARRED QUESTION NO:1833
ANSWERED ON:29.11.2002
MEETING OF INDO-NEPAL GOVERNMENTAL COMMITTEE
JAI PRAKASH;SHYAMA SINGH

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether a three day meeting of the India - Nepal Government Committee on Trade Transit and Cooperation was held at New Delhi in the month of August this year;

(b) if so, the details of the discussions held in the meeting and its outcome thereof;

(c) whether the Indian delegation has raised the issue to overcome the problems being faced by the Indian joint venture companies established in Nepal;

(d) if so, the reaction of the Nepal thereto;

(e) whether the trade links between both the countries have been further liberalised; and

(f) if so, the details thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (SHRI RAJIV PRATAP RUDY)
(a) A meeting of the India-Nepal Inter-Governmental Committee on Trade, Transit and Co-operation to Control Unauthorized Trade was held at New Delhi on August 15-18, 2002.
(b) The following issues relating to bilateral trade were discussed in the meeting :-

(i) Bilateral agreement to Promote and Protect Investments.

(ii) Bilateral co-operation to evolve common standards and measurements to promote bilateral trade.

(iii) Infrastructural improvement on the identified Land Customs Stations on the border including operationalisation of Inland Clearance Depot (ICD), Birgunj, Nepal and rehabilitation of Purnea-Forebesgunj- Jogbani.

(iv) Agreement on Regulation of Motor Vehicular Traffic.

(v) Import of Indian vehicles into Nepal under emission norms.

(vi) Improvement in the facilities for import of Nepalese food articles and other agricultural products including food testing and quarantine testing facilities.

(vii) Relaxation in Anti-Dumping Duty and Special Additional Duty on some of the Nepalese articles exported to India.

(viii) Tariff Rate Quota on some of the Nepalese products to protect Indian industries.
(c) & (d) : The Indian side raised the issue of the problems faced by the Indian Joint Venture Companies in Nepal on account of amendments in the Nepalese Labour Law. The Nepalese side appreciated the concern of the Indian side and agreed to take appropriate action.
(e) & (f) : The provisions of the India -Nepal Treaty of Trade were reviewed in detail in March, 2002 with a view to promote bilateral trade and to address the problems of the industries on both sides. Details are given in Annexure - I.
ANNEXURE - I REFERRED TO IN REPLY TO PARTS (e) AND (f) OF LOK SABHA UNSTARRED QUESTION NO. 1833 ANSWER ON 29.11.2002.

(i) The validity of the Treaty has been extended for a period of 5 years w.e.f. 6th March, 2002.

(ii) The following changes have made in Protocol V and IX with reference to Articles V and IX of the Treaty to improve the earlier provisions in the Treaty :

(a) To be eligible for duty free access into the Indian market, the articles manufactured in Nepal should have undergone a four digit level change in the H.S. Code number different from those in which all the third countries origin materials used in its manufacture are classified and the manufacturing process in Nepal should ensure atleast 25% value addition during the period 6th March, 2002 to 5th March, 2003 and 30% value addition from 6th March, 2003 onwards.

(b) In cases where the condition of four digit level change is not fulfilled, Government of India would consider preferential access for such articles manufactured in Nepal on a case by case basis after satisfying itself that such article has undergone a sufficient manufacturing process in Nepal.

(c) In the case of vegetable fats, acrylic yarn, copper products and zinc oxide duty free import from Nepal shall be allowed only upto the specified quantities in a year.

(d) The Nepalese products which do not fulfill the prescribed conditions for preferential access to the Indian market, Government of India will provide normal access to the Indian market on MFN basis.

(e) The articles manufactured in small scale units in Nepal will get relief in the levy of additional customs duty at par with the facilities applicable to similar small scale units in India in the levy of applicable excise duty.

(f) In the case of reasonable doubts about the authenticity of the Certificate of Origin, the Indian Customs authorities may seek a clarification from the certifying Nepalese agency and if necessary a joint visit to the manufacturing facilities in Nepal could also be made.

(g) In case where preferential access to a particular item leads to injury to the industry in the importing country, joint consultations would be held to address such issues and if consultations do not lead to satisfactory solutions, the requesting Government shall be free to take appropriate remedial measures.